

STATE OF CALIFORNIA
BUSINESS, TRANSPORTATION AND HOUSING AGENCY
DEPARTMENT OF CORPORATIONS

TO: Ronald Edward Reiswig
2310 Calle Almirante
San Clemente, CA 92672

Janet Sue Reiswig
2310 Calle Almirante
San Clemente, CA 92672

William Martin Fendrick
1851 East 1st Street
Santa Ana, CA 92805

Fidelity Insured Deposits
2310 Calle Almirante
San Clemente, CA 92672

Fidelity Insured Deposits
1851 East First St 9th Floor
Santa Ana, CA 92805

DESIST AND REFRAIN ORDER
(For violations of sections 25110, 25210 and 25401 of the Corporations Code)

The California Corporations Commissioner finds that:

1. Ronald Edward Reiswig is licensed by the Department of Insurance as a life agent, with the business address 2310 Calle Almirante, San Clemente, California 92672. His insurance license number is 0809297.

2. Janet Sue Reiswig is licensed by the Department of Insurance as a life agent, with the business address 2310 Calle Almirante, San Clemente, California 92672. Her insurance license number is 0B87461.

3. William Martin Fendrick is licensed by the Department of Insurance as a life agent, with the business address 1851 East 1st Street, Santa Ana California 92805. His insurance license number is 0D68469.

4. Fidelity Insured Deposits is a California corporation filed August 29, 2000. Ronald E. Reiswig is its president and registered agent. The corporation's mailing address is 1851 East First Street 9th Floor, Santa Ana, California 92705. Its registered office address is 2310 Calle Almirante, San Clemente, California 92673.

5. During recent months advertisements have appeared regularly in the Los Angeles Times, including the July 10, 2002 edition, offering "FDIC CDs" with yields of 4.25%. The name of the company appearing in the ad is Fidelity Insured Deposits. Since that rate is higher than rates commonly being offered on certificates of deposit by FDIC-insured institutions, a reader called for more information. He was referred to Janet Reiswig and Ron Reiswig, whom he was told are the owners of Fidelity Insured Deposits.

6. The reader arranged a meeting with a representative of Fidelity Insured Deposits named William Martin Fendrick, which took place in July, 2002, at a temporary office located at 11400 West Olympic Boulevard, Suite 200, Los Angeles, California 90064. At the meeting, Fendrick wrote notes confirming that a \$100,000 investment in the CDs offered in the ad would yield \$4,250. Nevertheless, Fendrick urged the reader to consider purchasing term life insurance instead, stating that it was a better investment for tax reasons.

1 7. When the reader said that he was only interested in the CDs, not in life insurance,
2 Fendrick told him for the first time, and contrary to his prior statements, that the 4.25% rate
3 was only available on the first \$10,000 invested. Fendrick indicated that Fidelity Insured
4 Deposits would pay the difference between the yield offered on an FDIC-insured CD
5 obtained from a commercial institution and 4.25%, but would only pay this difference upon
6 the first \$10,000 invested. In other words, if the commercial CD offered a yield of 3.25%,
7 then Fidelity Insured Deposits would pay \$100, the 1% difference between that yield and a
8 4.25% yield on the first \$10,000 invested. For amounts invested above \$10,000, Fendrick
9 said, the investor would receive only the lower yield paid by the commercial FDIC-insured
10 institution from whom the CD was acquired.
11

12 8. When the reader told Fendrick that he wanted to complain to the company about the
13 lack of any prior reference to the \$10,000 limitation on the 4.25% yield rate, and omission of
14 the limitation from the advertisement, Fendrick gave him the cell phone number of Ron
15 Reiswig. In response to the reader's call, Reiswig insisted that the advertisement clearly set
16 forth the \$10,000 limitation. In fact, the advertisement contains no reference to a \$10,000
17 limitation.
18

19 9. The Department of Corporations has not issued a permit or other form of qualification
20 authorizing any person to offer and sell these securities in this state.
21

22 10. Neither Fidelity Insured Deposits, Ronald Edward Reiswig, Janet Sue Reiswig, nor
23 William Martin Fendrick has obtained a certificate from the Commissioner to act in the
24 capacity of a broker-dealer.
25

26 Based upon the foregoing findings, the California Corporations Commissioner is of
27 the opinion that Fidelity Insured Deposits, its owners Ronald Edward Reiswig and Janet Sue
28 Reiswig, and their sales agent William Martin Fendrick are engaged in offers to sell

1 securities in the State of California, consisting of certificates of deposit with yields higher
2 than those offered by commercial FDIC-insured institutions. Those certificates are being
3 offered by unlicensed person in transactions that have not been qualified under the
4 California Corporate Securities Law of 1968, in violation of sections 25110 and 25210 of the
5 Corporations Code.

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7 The Commissioner is further of the opinion that the certificates of deposit are being
8 offered by means of written and oral communications including untrue statements of
9 material fact and omission of material facts necessary to make the statements not
10 misleading, in violation of section 25401 of the Corporations Code.

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12 For the foregoing reasons, Ronald Edward Reiswig, Janet Sue Reiswig, William
13 Martin Fendrick and Fidelity Insured Deposits are hereby ordered to desist and refrain from
14 the further offer or sale in the State of California of securities in the form of certificates of
15 deposit unless and until qualification has been made under said law or until evidence is
16 offered pursuant to Corporations Code section 25163 to establish that the offer or sale of
17 such securities is exempt from the qualification requirement. This Order is necessary, in the
18 public interest, for the protection of investors and consistent with the purposes, policies, and
19 provisions of the Corporate Securities Law of 1968.

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21 Dated: September 6, 2002
22 Sacramento, California

23 DEMETRIOS A. BOUTRIS
24 California Corporations Commissioner

25 By _____
26 VIRGINIA JO DUNLAP
27 Acting Supervising Counsel
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